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SUBJECT: EGYPT'S ECONOMY: September 2 PRESS ROUND-UP

11. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

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Egypt Achieves High Ranking in Investment Attraction  
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12. (U) Egypt ranked as the most attractive investment climate in North Africa in a report by the Direct Foreign Investments Information Agency, a Financial Times subsidiary,. Egypt was second only to South Africa in the African continent. The rating was based on economic performance, infrastructure, ease of doing business, quality of life, human resources and investment attraction efforts (Al Sharq Al Awsat, 8/24/2009).

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Private Sector Participating in Building Wind Farms  
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13. (U) Minister of Electricity and Energy Hassan Younis announced that 23 companies have submitted proposals for the first international tender offer by the Egyptian Electrical Distribution Company to the private sector for the establishment of a 250 megawatt wind farm on a build-own-operate basis. According to the tender terms, the Egyptian Electrical Distribution Company will guarantee the purchase of the electricity produced for 25 years in hard currency (Al Akhbar, 8/27/2009).

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Egypt Signs Three Oil and Gas Deals with Apache  
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14. (U) Sameh Fahmy, Minister of Petroleum signed three oil and gas deals with the Apache Corporation, amounting to US\$30 million for 14 wells in three areas in the Western Desert. One is an agreement to invest US\$15 million to drill six wells at Siwa, the second is an investment of US\$7.5 million for four wells in Gharb Ghazalat and the third is an investment of US\$7.5 million to drill four wells in Saloum (Al Ahram, 8/20/2009).

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The State of the Egyptian Economy  
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15. (U) A Ministry of Economic Development report declared the Egyptian economy successfully weathered the global financial crisis. Egypt's GDP growth rate stands at 4.7 percent in the current 2008-2009 fiscal year compared to 7.2 percent the previous year. The communications and IT sector grew by 14.6 percent despite the world economic crisis, and in the sectors of construction and trade, the growth rates were 11.4 percent and 16.2 percent, respectively. The sectors most affected by the global crisis are the Suez Canal, tourism, and manufacturing industries where growth rate decreased to 4.2 percent after reaching 8 percent last year. Minister of Economic Development Othman Mohamed Othman announced that Egypt is expected to see a GDP growth rate ranging between 5.3 and 5.5 percent in the

2009/2010 fiscal year. He stated that the Government of Egypt is considering another stimulus package between LE 10 billion and LE 15 billion (US\$ 1.79 - 2.68 billion) in the current fiscal year, following the injection of LE 15 billion (US\$ 2.68 billion) in infrastructure spending during the last fiscal year (Al Masry Al Youm, 8/26/2009).

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Seven New Industrial Zones to be Established  
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¶6. (U) The Ministry of Trade and Industry has decided to establish seven new industrial zones within the framework of the second stage of a program for developing industrial zones. Under this program, 825 new factories will be established in the Sixth of October and the Tenth of Ramadan cities. These factories which have investment costs of LE 13 billion (US\$2.32 billion) will provide 40,000 jobs (from jobs in engineering, foodstuffs, etc.) Rachid Mohamed Rachid, the Minister of Trade and Industry, stated that these industrial zones will focus on engineering, foodstuffs, ready-made clothes and automotive industries (Al Ahram, 8/28/2009).

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Combating the Use of Polluted Water in Irrigating Food Crops  
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¶7. (U) On Monday August 24, President Mubarak met with the cabinet ministers to discuss the use of polluted water for food crop irrigation. The GoE will draft a new law banning the use of polluted water in irrigating food crops. The proposed law will lead to the establishment of a new independent authority to address this problem (Al Masry Al Youm, 8/25/2009).  
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